

CITY OF LINCOLN CENTER, KANSAS

SPECIAL FINANCIAL STATEMENTS

DECEMBER 31, 2011

**David A O'Dell, LLC
Certified Public Accountant
McPherson, Kansas 67460**

CITY OF LINCOLN CENTER, KANSAS

SPECIAL FINANCIAL STATEMENTS For the Year Ended December 31, 2011

TABLE OF CONTENTS

Page Numbers

Independent Auditor's Report	1
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FINANCIAL SECTION

Statement 1	Summary of Cash Receipts, Expenditures and Unencumbered Cash	2-3
Statement 2	Summary of Expenditures - Actual and Budget	4
Statement 3	Statement of Cash Receipts and Expenditures - Actual and Budget	
3-1	General Operating Fund	5-7

Special Revenue Funds

3-2	Employee Benefit Fund	8
3-3	Library Fund	9
3-4	Special Highway Fund	10
3-5	Special Liability Fund	11
3-6	Special Parks and Recreation Fund	12

Debt Service Fund

3-7	Bond and Interest Fund	13
-----	------------------------	----

Capital Project Funds

3-8	Municipal Equipment Reserve	14
-----	-----------------------------	----

Permanent Fund

3-8	Cemetery Trust Fund	15
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CITY OF LINCOLN CENTER, KANSAS

SPECIAL FINANCIAL STATEMENTS For the Year Ended December 31, 2011

TABLE OF CONTENTS (Cont.)

Page Numbers

Statement 3 (Continued)	Statement of Cash Receipts and Expenditures - Actual and Budget (Continued)	
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Enterprise Funds

3-10	Electric Utility Fund	16
3-11	Water Utility Fund	17
3-12	Sewer Utility Fund	18
3-13	Solid Waste Fund	19

Fiduciary Funds

3-14	Payroll Fund	20
------	--------------	----

Discretely Presented Component Units

Statement 4	Statement of Cash Receipts and Expenditures - Actual	21
Statement 5	Statement and Schedule of Long-term Debt	22-23
	Notes to Special Financial Statements	24-28

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Lincoln Center, Kansas

I have audited the accompanying financial statements of the City of Lincoln Center, Kansas, as of and for the years ended December 31, 2011 and 2010 and the individual fund financial statements of the City as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with U.S. generally accepted auditing standards, and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

As described in Note 1, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In my opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the City as of December 31, 2011 and 2010, or the results of its operations, or the cash flows of its proprietary fund types for the years then ended.

However, in my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the City as of December 31, 2011 and 2010, and its cash receipts and expenditures, for the years then ended on the basis of accounting described in Note 1. The individual fund financial statements as of and for the year ended December 31, 2011 and 2010, present fairly, in all material respects, the unencumbered cash balances, cash receipts and expenditures on the basis of accounting described in Note 1.

July 23, 2012
McPherson, Kansas

CITY OF LINCOLN CENTER, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL OPERATING FUND:							
General Operating Fund	\$ 306,266	\$ -	\$ 504,096	\$ 581,038	\$ 229,324	\$ 20,908	\$ 250,232
SPECIAL REVENUE FUNDS:							
Employee Benefit Fund	24,974	-	20,617	24,686	20,905	-	20,905
Library Fund	38	-	35,801	35,800	39	2,400	2,439
Special Highway Fund	28,610	-	32,102	31,890	28,822	-	28,822
Special Liability Fund	117,276	-	1,359	1,316	117,319	-	117,319
Special Park and Recreation Fund	11,861	-	1,724	6,375	7,210	-	7,210
Total Special Revenue Funds	182,759	-	91,603	100,067	174,295	-	176,695
DEBT SERVICE FUND:							
Bond and Interest Fund	8,213	-	35,866	35,770	8,309	-	8,309
CAPITAL PROJECTS FUNDS:							
Municipal Equipment Reserve	119,521	-	31,108	14,920	135,709	-	135,709
PERMANENT FUND:							
Cemetery Trust Fund	67,288	-	1,085	-	68,373	-	68,373
ENTERPRISE FUNDS:							
Electric Utility Fund	1,195,494	-	1,856,386	2,038,599	1,013,281	102,086	1,115,367
Water Utility Fund	279,565	-	639,546	807,240	111,871	102,426	214,297
Sewer Utility Fund	283,379	-	114,063	109,922	287,520	1,195	288,715
Solid Waste Fund	7,365	-	100,120	99,535	7,950	-	7,950
Total Enterprise Funds	1,765,803	-	2,710,115	3,055,296	1,420,622	205,707	1,626,329
FIDUCIARY TYPE FUNDS							
Payroll Account	17	-	240	-	257	563	820
Total Primary Government	2,449,850	-	3,373,873	3,787,091	2,036,632	226,615	2,266,467

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
COMPONENT UNITS:							
Library Board	73,057	-	46,681	48,139	71,599	-	71,599
Port Authority	(618)	-	47,069	38,243	8,208	-	8,208
Total Component Units	72,439	-	93,750	86,382	79,807	-	79,807
Total Reporting Entity	\$ 2,522,289	\$ -	\$ 3,467,623	\$ 3,873,473	\$ 2,116,439	\$ 226,615	\$ 2,346,274

COMPOSITION OF CASH:

Cash on Hand	\$ 200
Checking Accounts	18,983
Savings and Money Market Accounts	2,197,284
Certificates of Deposit	50,000
Total Cash - Primary Government	2,266,467
Cash on Hand	6
Checking and Money Market Accounts	79,801
Certificate of Deposit	-
Total Cash - Component Units	79,807
Total Reporting Entity	\$ 2,346,274

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS

(Budgeted Funds Only)

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable (Unfavorable)</u>
GENERAL OPERATING FUND					
General Operating Fund	\$ 753,000	\$ -	\$ 753,000	\$ 581,038	\$ 171,962
SPECIAL REVENUE FUNDS:					
Employee Benefit Fund	45,000	-	45,000	24,686	20,314
Library Fund	37,000	-	37,000	35,800	1,200
Special Highway Fund	38,614	-	38,614	31,890	6,724
Special Liability Fund	115,000	-	115,000	1,316	113,684
Special Park and Recreation Fund	10,700	-	10,700	6,375	4,325
DEBT SERVICE FUND:					
Bond and Interest Fund	43,770	-	43,770	35,770	8,000
ENTERPRISE FUNDS:					
Electric Utility Fund	2,755,000	-	2,755,000	2,038,599	716,401
Water Utility Fund	454,000	-	454,000	404,105	49,895
Sewer Utility Fund	173,460	-	173,460	109,922	63,538
Solid Waste Fund	108,000	-	108,000	99,535	8,465

**CITY OF LINCOLN CENTER, KANSAS
GENERAL OPERATING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS:				
Ad Valorem Taxes -				
Current Tax	\$ 117,062	\$ 130,788	\$ 137,168	\$ (6,380)
Delinquent Tax	2,527	4,130	1,000	3,130
Motor Vehicle Tax	25,538	24,531	26,850	(2,319)
Recreational Vehicle Tax	326	312	357	(45)
Sales Tax	47,139	57,459	50,000	7,459
Intangible Tax	26,135	26,767	21,214	5,553
Liquor Tax	1,766	1,724	1,797	(73)
Connecting Link	750	750	750	-
In Lieu of Taxes	657	693	483	210
Licenses, Permits, and Fees -				
Franchise	36,751	34,589	45,000	(10,411)
Dog	1,025	867	2,500	(1,633)
Beer	175	175	1,000	(825)
Building Permits	205	205	500	(295)
Cemetery Permits and Fees	985	1,275	1,000	275
Occupation	450	1,100	750	350
Interest	12,382	7,967	25,000	(17,033)
Fines	678	685	1,000	(315)
Cemetery Lots	800	-	1,000	(1,000)
Airport	1,872	1,872	3,000	(1,128)
Rental Income	12,231	12,131	13,000	(869)
Gifts and Bequests	1,865	1,025		1,025
Insurance proceeds	-	-		-
Miscellaneous Income	2,426	2,111	10,000	(7,889)
Swimming Pool	8,669	7,932	12,000	(4,068)
Recreation Receipts	38,335	37,628	40,000	(2,372)
Weed Abatement Fees	150	380	1,000	(620)
Transfers In -				
Solid Waste Fund	2,000	2,000	5,000	(3,000)
Sewer Fund	5,000	5,000	5,000	-
Electric Fund	100,000	110,000	120,000	(10,000)
Water Fund	30,000	30,000	30,000	-
Total Cash Receipts	477,899	504,096	\$ 556,369	\$ (52,273)
EXPENDITURES:				
General Government -				
Personal Services	47,844	45,444	\$ 50,000	\$ 4,556
Contractual	28,569	26,364	40,000	13,636
Commodities	4,026	3,839	8,000	4,161
Tax Refunds	-	-	6,000	6,000
Capital Outlay	652	5,385	15,000	9,615

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
GENERAL OPERATING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
EXPENDITURES (Continued):				
Public Safety -				
Personal Services	3,240	3,240	5,000	1,760
Contractual	142,815	158,895	155,000	(3,895)
Commodities	2,036	3,591	7,000	3,409
Capital Outlay	708	-	15,000	15,000
Street Lighting -				
Personal Services	5,373	4,069	6,000	1,931
Contractual	-	-	1,000	1,000
Commodities	3,587	3,997	4,000	3
Capital Outlay	-	-	4,000	4,000
Streets -				
Personal Services	42,866	45,665	55,000	9,335
Contractual	47,178	48,196	55,000	6,804
Commodities	23,908	56,012	60,000	3,988
Capital Outlay	-	-	30,000	30,000
Park and Pool -				
Personal Services	33,997	31,806	40,000	8,194
Contractual	8,428	8,949	15,000	6,051
Commodities	11,444	11,769	13,000	1,231
Capital Outlay	10,210	-	15,000	15,000
Cemetery -				
Personal Services	15,053	14,062	20,000	5,938
Contractual	3,592	1,040	3,000	1,960
Commodities	780	1,455	3,000	1,545
Capital Outlay	6,149	-	9,000	9,000
Airport -				
Appropriations	15,000	15,000	15,000	-
Recreation				
Personal Services	22,908	19,743	24,000	4,257
Contractual	18,816	19,187	20,000	813
Commodities	10,538	22,372	16,000	(6,372)
Capital Outlay	4,469	500	5,000	4,500
Weed Control -				
Personal Services	1,507	387	2,000	1,613
Contractual	-	-	1,000	1,000
Commodities	-	-	3,000	3,000
Capital Outlay	-	-	3,000	3,000
Sales Tax	-	71	-	(71)
Transfers Out -				
Equipment Reserve	30,000	30,000	30,000	-
TOTAL EXPENDITURES	545,693	581,038	\$ 753,000	\$ 171,962

**CITY OF LINCOLN CENTER, KANSAS
GENERAL OPERATING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Receipts Over (Under) Expenditures	(67,794)	(76,942)
Unencumbered Cash, Beginning	<u>374,060</u>	<u>306,266</u>
Unencumbered Cash, Ending	<u>\$ 306,266</u>	<u>\$ 229,324</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - EMPLOYEE BENEFIT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Taxes -				
Current Tax	\$ 25,596	\$ 14,555	\$ 15,261	\$ (706)
Delinquent Tax	391	673	200	473
Motor Vehicle Tax	3,860	5,244	5,832	(588)
Recreational Vehicle Tax	50	68	78	(10)
In Lieu of Taxes	144	77	106	(29)
Miscellaneous	-	-	-	-
Total Cash Receipts	30,041	20,617	\$ 21,477	\$ (860)
Expenditures:				
Employee Benefits	33,609	24,686	45,000	20,314
Total Expenditures	33,609	24,686	\$ 45,000	\$ 20,314
Receipts Over Expenditures	(3,568)	(4,069)		
Unencumbered Cash, Beginning	28,542	24,974		
Unencumbered Cash, Ending	\$ 24,974	\$ 20,905		

**CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - LIBRARY FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Ad Valorem Taxes -				
Current Tax	\$ 29,439	\$ 28,569	\$ 29,960	\$ (1,391)
Delinquent Tax	530	932	300	632
Motor Vehicle Tax	5,048	6,070	6,720	(650)
Recreational Vehicle Tax	64	79	90	(11)
In Lieu of Taxes	165	151	121	30
Total Cash Receipts	35,246	35,801	<u>\$ 37,191</u>	<u>\$ (1,390)</u>
Expenditures:				
Library Board	35,790	35,800	<u>\$ 37,000</u>	<u>\$ 1,200</u>
Receipts Over (Under) Expenditures	(544)	1		
Unencumbered Cash, Beginning	582	38		
Unencumbered Cash, Ending	<u>\$ 38</u>	<u>\$ 39</u>		

**CITY OF LINCOLN CENTER RIVER, KANSAS
SPECIAL REVENUE FUND - SPECIAL HIGHWAY FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State of Kansas - Fuel Tax	\$ 31,896	\$ 32,102	\$ 33,450	\$ (1,348)
Expenditures:				
Personal Services	-	-	5,000	5,000
Contractual	-	-	2,000	2,000
Commodities	37,620	31,890	31,614	(276)
Total Expenditures	37,620	31,890	\$ 38,614	\$ 6,724
Receipts Over (Under) Expenditures	(5,724)	212		
Unencumbered Cash, Beginning	34,334	28,610		
Unencumbered Cash, Ending	\$ 28,610	\$ 28,822		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - SPECIAL LIABILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
	Actual	Actual	Budget	
Cash Receipts:				
Ad Valorem Taxes -				
Current Tax	\$ 1,302	\$ 966	\$ 1,010	\$ (44)
Delinquent Tax	84	78	4	74
Motor Vehicle Tax	777	307	310	(3)
Recreational Vehicle Tax	10	3	58	(55)
In Lieu of Taxes	7	5		5
	<u>2,180</u>	<u>1,359</u>	<u>\$ 1,382</u>	<u>\$ (23)</u>
Total Cash Receipts				
Expenditures:				
Contractual	1,316	1,316	\$ 115,000	\$ 113,684
	<u>864</u>	<u>43</u>		
Receipts Over Expenditures				
Unencumbered Cash, Beginning	116,412	117,276		
Unencumbered Cash, Ending	<u>\$ 117,276</u>	<u>\$ 117,319</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - SPECIAL PARKS AND RECREATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Liquor Tax	\$ 1,766	\$ 1,724	\$ 1,797	\$ (73)
Expenditures:				
Contractual	-	-	2,000	2,000
Commodities	-	-	1,700	1,700
Capital Outlay	-	6,375	7,000	625
Total Expenditures	-	6,375	\$ 10,700	\$ 4,325
Receipts Over (Under) Expenditures	1,766	(4,651)		
Unencumbered Cash, Beginning	10,095	11,861		
Unencumbered Cash, Ending	\$ 11,861	\$ 7,210		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
DEBT SERVICE FUND - BOND AND INTEREST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Taxes - Current	\$ 674	\$ 640	\$ 670	\$ (30)
Ad Valorem Taxes - Delinquent	1	13	-	13
Recreational Vehicle Tax	-	2	2	-
Motor Vehicle Tax	-	131	151	(20)
Special Assessments	34,490	34,802	34,490	312
Interest income	356	278	200	78
	35,521	35,866	35,513	353
Expenditures	31,370	35,770	\$ 43,770	\$ 8,000
Receipts Over (Under) Expenditures	4,151	96		
Unencumbered Cash, Beginning	4,062	8,213		
Unencumbered Cash, Ending	\$ 8,213	\$ 8,309		

CITY OF LINCOLN CENTER, KANSAS
CAPITAL PROJECT FUND - MUNICIPAL EQUIPMENT RESERVE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - (NONBUDGETED)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts:		
Interest income	\$ 1,249	\$ 1,108
Transfer from General Fund	<u>30,000</u>	<u>30,000</u>
Total Cash Receipts	31,249	31,108
Expenditures:		
Capital outlay	<u>-</u>	<u>14,920</u>
Receipts Over (Under) Expenditures	31,249	16,188
Unencumbered Cash, Beginning	<u>88,272</u>	<u>119,521</u>
Unencumbered Cash, Ending	<u><u>\$ 119,521</u></u>	<u><u>\$ 135,709</u></u>

**CITY OF LINCOLN CENTER, KANSAS
PERMANENT FUND - CEMETERY TRUST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - (NONBUDGETED)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)**

	Prior Year Actual	Current Year Actual
Cash Receipts:		
Interest income	\$ 792	\$ 1,085
Expenditures	-	-
Receipts Over Expenditures	792	1,085
Unencumbered Cash, Beginning	66,496	67,288
Unencumbered Cash, Ending	<u>\$ 67,288</u>	<u>\$ 68,373</u>

CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - ELECTRIC UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 1,711,262	\$ 1,762,111	\$ 2,100,000	\$ (337,889)
Supplies	19,423	15,378	40,000	(24,622)
Sales Tax	39,038	39,209	43,000	(3,791)
Interest	18,572	12,234	30,000	(17,766)
Receipt of KMEA Funds	-	9,700	-	9,700
Meter Deposits	8,650	8,830	15,000	(6,170)
Other	13,055	8,924	10,000	(1,076)
Total Cash Receipts	<u>1,810,000</u>	<u>1,856,386</u>	<u>\$ 2,238,000</u>	<u>\$ (381,614)</u>
Expenditures:				
Production -				
Personal Services	96,607	90,722	\$ 115,000	\$ 24,278
Contractual	1,320,807	1,480,630	1,700,000	219,370
Commodities	16,570	111,864	50,000	(61,864)
Capital Outlay	24,411	24,411	400,000	375,589
Distribution -				
Personal Services	113,426	101,891	126,000	24,109
Contractual	6,764	5,956	15,000	9,044
Commodities	47,028	18,948	55,000	36,052
Capital Outlay	-	1,388	50,000	48,612
General Administration -				
Personal Services	38,901	37,259	45,000	7,741
Contractual	10,722	9,004	12,000	2,996
Commodities	694	-	5,000	5,000
Capital Outlay			5,000	5,000
Sales Tax	42,355	39,089	45,000	5,911
Meter Deposit Refunds	8,080	7,300	11,600	4,300
Interest	136	137	400	263
Transfer Out - General Fund	100,000	110,000	120,000	10,000
Total Expenditures	<u>1,826,501</u>	<u>2,038,599</u>	<u>\$ 2,755,000</u>	<u>\$ 716,401</u>
Receipts Over (Under) Expenditures	(16,501)	(182,213)		
Unencumbered Cash, Beginning	<u>1,211,995</u>	<u>1,195,494</u>		
Unencumbered Cash, Ending	<u>\$ 1,195,494</u>	<u>\$ 1,013,281</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - WATER UTILITY FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 169,020	\$ 218,628	\$ 300,000	\$ (81,372)
Supplies	13,214	3,325	12,000	(8,675)
Water Protection Fees	1,362	1,328	3,000	(1,672)
Interest	6,221	3,225	15,000	(11,775)
HUD Community Development Block Grant	-	403,135	-	403,135
Rental Income	-	5,582	6,000	(418)
Meter Deposits	1,345	1,240	3,000	(1,760)
Other	8,171	3,083	3,000	83
Total Cash Receipts	<u>199,333</u>	<u>639,546</u>	<u>\$ 342,000</u>	<u>\$ 297,546</u>
Expenditures:				
Production -				
Personal Services	14,959	8,955	\$ 30,000	\$ 21,045
Contractual	17,105	2,950	30,000	27,050
Commodities	6,742	3,461	15,000	11,539
Capital Outlay	65,129	937	80,000	79,063
Distribution -				
Personal Services	74,301	105,277	70,000	(35,277)
Contractual	134,262	20,107	20,000	(107)
Commodities	17,933	18,666	25,000	6,334
Capital Outlay	2,971	177,054	100,000	(77,054)
General Administration -				
Personal Services	29,812	28,905	35,000	6,095
Contractual	5,082	3,650	5,000	1,350
Commodities	-	474	2,000	1,526
Capital Outlay	720	-	3,000	3,000
Water Protection and Clean Drinking				
Water Fees	2,681	2,574	6,000	3,426
Meter Deposit Refunds	1,310	1,080	2,900	1,820
Interest	15	15	100	85
Transfer Out - General Fund	30,000	30,000	30,000	-
Total Expenditures Subject to Statutory Budget	<u>403,022</u>	<u>404,105</u>	<u>\$ 454,000</u>	<u>\$ 49,895</u>
Community Development Block Grant Capital Outlay	<u>-</u>	<u>403,135</u>		
Total Expenditures	<u>403,022</u>	<u>807,240</u>		
Receipts Over (Under) Expenditures	<u>(203,689)</u>	<u>(167,694)</u>		
Unencumbered Cash, Beginning	<u>483,254</u>	<u>279,565</u>		
Unencumbered Cash, Ending	<u>\$ 279,565</u>	<u>\$ 111,871</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - SEWER UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
User Fees	\$ 116,979	\$ 114,013	\$ 140,000	\$ (25,987)
Other	461	50	3,000	(2,950)
Total Cash Receipts	117,440	114,063	\$ 143,000	\$ (28,937)
Expenditures:				
Personal Services	42,706	45,392	\$ 50,000	\$ 4,608
Contractual	3,749	4,810	10,000	5,190
Commodities	9,641	7,545	10,000	2,455
Capital Outlay	-	-	50,000	50,000
Debt Service	47,099	47,175	48,460	1,285
Transfer Out - General Fund	5,000	5,000	5,000	-
Total Expenditures	108,195	109,922	\$ 173,460	\$ 63,538
Receipts Over Expenditures	9,245	4,141		
Unencumbered Cash, Beginning	274,134	283,379		
Unencumbered Cash, Ending	\$ 283,379	\$ 287,520		

**CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - SOLID WASTE FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
User Fees	\$ 98,539	\$ 99,919	\$ 105,000	\$ (5,081)
Other	314	201	-	201
Total Cash Receipts	<u>98,853</u>	<u>100,120</u>	<u>\$ 105,000</u>	<u>\$ (4,880)</u>
Expenditures:				
Contractual	96,112	97,535	103,000	5,465
Transfer Out - General Fund	<u>2,000</u>	<u>2,000</u>	<u>5,000</u>	<u>3,000</u>
Total Expenditures	<u>98,112</u>	<u>99,535</u>	<u>\$ 108,000</u>	<u>\$ 8,465</u>
Receipts Over (Under) Expenditures	741	585		
Unencumbered Cash, Beginning	<u>6,624</u>	<u>7,365</u>		
Unencumbered Cash, Ending	<u>\$ 7,365</u>	<u>\$ 7,950</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER RIVER, KANSAS
FIDUCIARY TYPE FUND - PAYROLL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL (NONBUDGETED)
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Flex Spending Withholding Forfeited	\$ 17	\$ 240
Expenditures:	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	17	240
Unencumbered Cash, Beginning	-	17
Unencumbered Cash, Ending	<u>\$ 17</u>	<u>\$ 257</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
DISCRETELY PRESENTED COMPONENT UNITS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011**

	Carnegie Library	Port Authority
Cash Receipts:		
City of Lincoln Center	\$ 34,700	\$ 17,799
South Central Kansas Library System	6,821	-
State of Kansas	572	29,165
Donations	1,856	-
Interest	132	105
Miscellaneous	2,600	-
	<hr/>	<hr/>
Total Cash Receipts	46,681	47,069
	<hr/>	<hr/>
Expenditures:		
Personal Services	26,336	-
Program Expenses	554	-
Janitorial Service	3,600	-
Collection Material	7,596	-
Utilities and Telephone	1,721	-
Insurance	2,938	1,631
Furnishings and Equipment	690	-
Supplies	2,100	-
Maintenance	1,291	-
Taxes	-	458
Ramp and Helipad	-	5,454
Runway Project	-	30,700
Miscellaneous	1,313	-
	<hr/>	<hr/>
Total Expenditures	48,139	38,243
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(1,458)	8,826
	<hr/>	<hr/>
Unencumbered Cash, Beginning	73,057	(618)
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 71,599	\$ 8,208
	<hr/>	<hr/>

CITY OF LINCOLN CENTER, KANSAS

STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2011

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Note Payable: KDHE	3.14%	4/26/2004	699,705	9/1/2024	\$ 521,480	\$ -	\$ 31,043	\$ (31,043)	\$ 490,437	\$ 16,113
General Obligation Bonds Serial Series 2008	4.0% to 5.5%	12/31/2008	360,000	11/1/2024	345,000	-	20,000	(20,000)	325,000	15,770
Total Long-term Debt					\$ 866,480	\$ -	\$ 51,043	\$ (51,043)	\$ 815,437	\$ 31,883

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SCHEDULE OF MATURITY OF LONG-TERM DEBT
For the Year Ended December 31, 2011

	2012	2013	2014	2015	2016	2017-2021	2022-2024	Total
PRINCIPAL								
Note Payable:								
KDHE - Sewer Revenues	\$ 32,104	\$ 33,201	\$ 34,336	\$ 35,510	\$ 36,724	\$ 203,335	\$ 115,225	\$ 490,437
General Obligation Bonds								
Serial Series 2008	20,000	20,000	20,000	20,000	20,000	130,000	95,000	325,000
TOTAL PRINCIPAL	52,104	53,201	54,336	55,510	56,724	333,335	210,225	815,437
INTEREST								
Note Payable:								
KDHE - Sewer Revenues	16,356	15,258	14,123	12,950	11,736	38,964	5,925	115,312
General Obligation Bonds								
Serial Series 2008	14,970	14,170	13,370	12,570	11,770	44,575	10,605	122,030
TOTAL INTEREST	31,326	29,428	27,493	25,520	23,506	83,539	16,530	237,342
TOTAL PRINCIPAL AND INTEREST \$	83,430	82,630	81,830	81,030	80,230	416,874	226,755	1,052,779

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
NOTES TO SPECIAL FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The City of Lincoln Center is a municipal corporation governed by an elected mayor and elected five-member council. These financial statements present the City of Lincoln Center (the primary government) and some of its component units. The component units are included in the city's reporting entity because of the significance of their operational or financial relationships with the city.

Discretely Presented Component Units - The component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the city. The governing bodies of these component units are appointed by the city.

Library Board - The City is liable for actions of the Library Board. A significant portion of the funding for the Library Board is a result of a tax levy determined by the governing body. Bond issuances must be approved by the City. The governing body is appointed by the city.

Port Authority - The City of Lincoln Center Port Authority operates the Lincoln Center Airport. All current funding is provided by the City of Lincoln Center. The governing body is appointed by the City.

Housing Authority - The City of Lincoln Center Housing Authority operates the city's two housing projects. The City does not provide funding, establish budgets, nor exercise any influence over the daily operations of the Authority. Bond issuances must be approved by the City. The governing body is appointed by the City.

The Post Rock Apartment project and the Housing Authority of Lincoln Center are not included in the reporting entity.

Fireman's Relief Association - The Association is not a component unit because the city exercises no oversight responsibility and has no accountability for its fiscal matters. The Firemen's Relief Association provides insurance and other benefits to firemen. The association's board consists of firefighters elected by popular vote. Kansas statutes provide for funding.

(b) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, proprietary and fiduciary. Within each of these three categories there are one or more fund types. The city used the following fund types:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Operating Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) Basis of Presentation - Fund Accounting (cont.)

Governmental Fund Types (cont.)

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than special assessments expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds - These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Capital Project Funds - These funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust funds.

Proprietary Fund Types

These funds account for operations that are self-supporting through user charges. The funds included in this category are Enterprise Funds and Internal Service Funds.

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service Funds - These funds are established to account for the financing of goods or services provided by one department or other departments of the City on a mostly cost-reimbursement basis.

Fiduciary Fund Types

These funds account for assets held by the City as a trustee or agent for individuals, private organizations and other units of governments. These funds are as follows:

Expendable Trust Funds - These funds are used to account for funds that are to be used for expenditures incurred by City employees and for funds held in escrow for other parties.

Agency Funds - These funds are used to account for assets received for, held for, and disbursed to individuals, other State and Local Government unit funds or other governmental or private sector organizations.

(c) Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance: encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, building and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

(e) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the General Operating Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds and Enterprise Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for Capital Project Funds and Agency Funds, Fiduciary funds, Permanent Funds and Special Road and Bridge Machinery Fund.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

(f) Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

(g) Subsequent Events

Subsequent events have been evaluated through July 23, 2012, which is the date the audited financial statements were available to be issued.

(h) Reimbursements

A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and to have certain portions of it reimbursed by other funds. In accounting for such reimbursements, the City of Lincoln Center records an expenditure in the reimbursing fund, and a reduction of expenditure in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing, and Financial Reporting*.

2. CASH AND INVESTMENTS

(a) Deposits

At December 31, 2011, the carrying amount of the City's deposits, including certificates of deposit, was \$2,266,467. The bank balance was \$2,328,237. The difference between the carrying amount and the bank balance is checks outstanding and deposits in transit. Of the bank balance \$250,000 was covered by FDIC insurance and the remaining \$2,016,467 was collateralized by pledged securities held under safekeeping receipts issued by a third-party bank in the bank's name with the City listed as pledgee.

(b) Investments

Kansas statutes authorize the City to invest in U.S. Treasury Bills and Notes, repurchase agreements, and the Kansas Municipal Investment Pool. All investments must be insured, registered, or held by the City or its agent in the City's name. The Kansas Municipal Investment Pool is not subject to the risk category classifications. The City had no investments at December 31, 2011.

3. PENSION COSTS AND EMPLOYEE BENEFITS

(a) Defined Benefit Pension Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200; Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier one employees and 6% for Tier two employees. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2010 is 6.14%. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$30,600, \$29,448, and \$26,409, respectively, equal to the statutory required contributions for each year.

(b) Other Employee Benefits

Vacation – All vacation pay expires at December 31, and cannot be carried forward.

Sick leave – Sick pay is cumulative but does not vest. It is earned at the rate of one day per month and was initiated January 1, 1982. No provision has been made in the financial statements for sick pay.

4. CLAIMS AND JUDGMENTS

The City is exposed to various risks of loss related to property loss, torts, and errors and omissions. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage in 2011 and there were no settlements that exceeded insurance coverage in 2011.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is of the opinion of the City's management and legal counsel that these matters are not anticipated to have a material impact on the City.

5. INTERFUND TRANSFERS

From	To	Statutory Authority	Amount
Electric Fund	General Fund	K.S.A. 12-197	\$ 110,000
Water Fund	General Fund	K.S.A. 12-197	30,000
Sewer Fund	General Fund	K.S.A. 12-197	5,000
Solid Waste Fund	General Fund	K.S.A. 12-197	2,000
General Fund	Municipal Equipment	K.S.A. 12-1,117	30,000

7. CAPITAL PROJECTS

Capital Project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

Project Description	Project Authorization	Total Cash Disbursed and Indebtedness Incurred at December 31, 2011
Electric Fund		
Engine #6 Overhaul	\$ 384,072	\$ 384,072
Water Fund		
Water Line Improvement Project	582,189	582,189
Component Units		
Runway Project	65,550	30,700
Ramps and Helipad	455,338	455,338

In December of 2010, the City of Lincoln Center established a date of February 15, 2011 for the awarding of a contract for the improvement of the city's water lines. The contract was awarded during the February 14, 2011 city council meeting. The amount of the project was \$363,210 that amount was amended on September 12, 2011. Amounts spent on the Water Line Improvement Project include the following:

Expenditure Description	Amount
2010 Engineering cost	\$ 2,000
2011 Construction Cost	403,135
2011 Engineering Cost	85,111
2011 Materials (sand asphalt mix for repairs to streets)	91,943
Total	\$ 582,189